



MEMORANDUM

TO: Health Care Commission
Duane Goossen, Chair
Connie Hafenstine
Sandy Praeger
Nancy Ruoff
John Staton

FROM: Doug Farmer

DATE: March 4, 2009

SUBJECT: **Electronic Components for Prosthetic Appliances**

The State Employee Health Plan (SEHP) received feedback regarding coverage in the plan for electronic components used in some prosthetic appliances. Based upon the request that the HCC consider revising the plan to cover these components, we have been researching the impact of removing the current exclusion of electronic components in Plans A and B.

Currently, Plan A covers conventional mechanical prosthetics subject to the plan's \$50 deductible and twenty (20) percent coinsurance. Plan B also covers conventional mechanical prosthetics subject to the plan's thirty-five (35) percent coinsurance. There is no dollar limit on the coverage provided by Plans A and B; however, electronic components are specifically excluded from coverage. Plan C (the Qualified High Deductible Health Plan with Health Savings Account) has limited coverage for prosthetics. Coverage is subject to the plan deductible and coinsurance. Coverage is limited to \$1,000 per calendar year.

We contacted our health plans as well as other states to determine what coverage they provided for prosthetic devices. Two of the current health plan administrators indicate on their book of business that they exclude electronic prosthetics and one has a dollar cap of \$3,000 which includes all prosthetics. Additionally, out of twenty (20) state plans reviewed, eleven (11) states have specific language excluding biomechanical and electric equipment. The remaining states indicate that they do not specifically exclude electronic prosthetics but they manage prosthetic coverage through dollar limits ranging from \$3,000 per year to \$20,000 every five years.

We were advised by one of our health plans that electronic prosthetic appliances for the upper extremities prosthetics are more expensive than lower extremities. We researched this and found that

upper extremities electronic components often were more expensive. Prosthetics vary greatly. As an example, there are over 50 different feet and 100 different knee variations. Depending on the limb, joint(s), and components selected, upper limb prosthetics can vary in cost between \$8,000 to over \$100,000 and lower limb prosthetics typically range between \$4,500 to over \$100,000.

Prosthetic devices typically have a standard one year manufacturer warranty. Generally, a prosthetic or some prosthetic components will need to be replaced every three to five years. Typically, replacement is not due to the prosthetic being worn out but more often due to muscle atrophy. When atrophy occurs, electronic fittings need to be replaced within the muscle and the cup needs to be refitted.

The cost to add coverage of electronic components for prosthetic devices is estimated at \$500,000 annually. The SEHP met with the Employee Advisory Committee (EAC) to discuss adding electronic prosthetics and we were notified that they would not recommend adding it to the plan at this current time.

DISCUSSION:

Is the Health Care Commission interested in adding coverage for electronic components for prosthetic devices?